



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

Insurance Building, PO Box 43113 • Olympia, Washington 98504-3113 • (360) 902-0555

January 24, 2006

Dear Chief Financial Officer:

You are receiving this notification because our records indicate that your organization currently receives payments that are automatically deducted from the salaries of Washington State employees.

Background

Beginning in February 2006, Washington State will implement a new personnel/payroll system called the Human Resource Management System (HRMS). The implementation will change the way payments deducted from employee paychecks are sent to your organization.

This implementation was first scheduled to implement in March 2005, so you may have received a letter similar to this in December 2004. Since then, vendor payment processes have been more completely defined.

The implementation of HRMS will result in changes to the way employee deductions are processed. To ensure a clear understanding of the impacts of the implementation and the actions you need to take, please read this document carefully and follow the outlined instructions.

THREE KEY POINTS TO REMEMBER

1. The state will implement HRMS in three groups.

The first agency, the Department of Personnel (DOP), will implement HRMS in February 2006. Selected state agencies will implement HRMS in April 2006. The remaining agencies will continue to use the old payroll system, PAY1, until July. *As a result, between February and July 2006, you are likely to receive payments from both systems.*

You will not see any change in the payments that come from the old system, PAY1, and will continue to receive the same information in the same timeframe as you do today. Payments made by warrant out of PAY1 will continue to be sent to the paying agency and then forwarded to vendors with the Miscellaneous Deduction Register (MDR) and/or other detail information.

2. There will be significant differences in the way payments are processed in the new HRMS.

- HRMS will generate both paper warrant and direct deposit payments to employees. However, HRMS will not process payments to vendors for employee payroll deductions.
- After implementation of HRMS, payments to vendors for employee payroll deductions will be processed by the State's central Agency Financial Reporting System (AFRS).
- AFRS is managed by the Office of Financial Management (OFM); HRMS is managed by the Department of Personnel (DOP).
- With the conversion of third-party payments to AFRS, *all* vendors will have the option to receive payments electronically through the Automated Clearing House (ACH) system.

Important Note: Electronic payments are deposited directly to the vendor's bank account on State paydays (generally the 10th and 25th). Paper warrants are mailed on State paydays. This may create a significant difference in the date the funds are received by the vendor. The State strongly encourages vendors that currently receive paper warrants to sign up for the electronic payment option.

3. Payment detail information from the HRMS system (such as employee name and Social Security Number) will be provided separate from the payment itself.

AFRS will provide a summary of payments by agency.

- Since you receive payments by paper warrant, you will receive the summary information with the warrant from AFRS.
- If you elect to receive your payment electronically, AFRS will e-mail a Direct Deposit Notification two days in advance of payday advising you of the deposit date and amount.

HRMS will supply the payment detail information necessary for breaking out individual payments and matching them to client accounts.

- DOP will mail a printed report containing the detailed information from HRMS to your organization two days before payday.

Chief Financial Officer
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TO CHANGE FROM PAPER WARRANT TO ELECTRONIC PAYMENT:

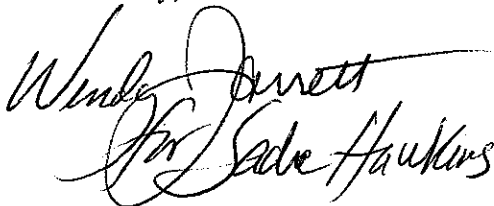
Complete, sign and return these two (2) forms to OFM (forms and envelope enclosed):

- Statewide Vendor Registration and Direct Deposit Authorization
 - ✓ Complete the entire form if you wish to receive payments via ACH.
 - ✓ Complete only the top portion to receive payments via paper checks.
- Form W-9 – Request for Taxpayer Identification Number and Certification
 - ✓ Complete this form regardless of the type of payment you will be receiving.

OFM will process your paperwork and establish your statewide vendor number. OFM will also retain the registration and W-9 forms.

In closing, we would like to express our appreciation to you for helping us make a smooth transition to the new system. A list of contacts is available below. We encourage you to call or email us with questions.

Sincerely,



Sadie Rodriguez-Hawkins
Assistant Director
Office of Financial Management



Steve Young
Assistant Director
Department of Personnel

Enclosures